



CALIFORNIA High-Speed Rail Authority

BUSINESS ADVISORY COUNCIL – MEETING MINUTES SUMMARY

DATE: Thursday, June 19, 2014

TIME: 1:00 p.m. – 3:00 p.m.

LOCATION: Caltrans Manchester Office—Fresno California

CALIFORNIA HIGH-SPEED RAIL

AUTHORITY REPRESENTATIVES:

Thomas Fellenz, Council Chair

Robert Padilla, SB Advocate

Jose Camarena Director of Contracts
& Compliance

Patricia Padilla, PMT-CHSRA

Olivia Fonseca, PMT - CHSRA

Lauren Padilla, PMT- CHSRA

Ashley Bolitho, PMT- CHSRA

Emily Ryan, PMT- CHSRA

MEMBERS PRESENT:

ACEC: Arvin Chaudhary

AAAE: Eddy T. Lau

AAa/E: Linden Nishinaga

AGC: Sam Hassoun

DVBA: Chris Cole

GFACC: Debbie Hunsaker

KMCA: Marvin Dean

LRRT: Paul Guerrero

LBA: Leonard Ortiz

NCA: Diana LaCome

USPAACC: Clyde Wong

WCOE: Lee Cunningham

CHCC: Jesus Vargas

SAME: Vida Wright

ALTERNATES PRESENT:

AICCC: Adam Holt

AAAE: Winifred Au

AGC: Dave Jones

CAACC: John Nguyen

MEMBERS ABSENT:

AICCC: Gretchen Cox

ABA: Jason Kim

CAACC: Scott Leslie

CBCC: Aubry Stone

ESDVOBN: Bill Ulmer

NAACP Betty Williams

SFAACC Fred Jordan

GUESTS:

TPZP: Maurice Young

Acosta Engineering Solutions:

Maritza Acosta

Concern Citizen: Leroy Brown

Athalye Consulting: Raul Fernandez

ITEM I: WELCOME/INTRODUCTIONS (Thomas Fellenz, Council Chair)

- Council Chair Fellenz opened the meeting at 1:17 p.m. by welcoming everyone. Council Chair Fellenz initiated introductions of members and guests present.
- Chair Fellenz announced that on Sunday June 15th 2014 the State budget deal to shift \$250 million in cap-and-trade funds will be going to CHSRA. For the high-speed rail program, the budget contains the funding for our staffing and resource needs, and, very significantly, \$250 million cap and trade funds to advance the program. The second package is a landmark program of ongoing commitment to a variety of programs that will reduce greenhouse gas emissions and help the state combat climate change. On an ongoing basis, without the need for annual appropriations: 35% of annual cap and trade proceeds will go to affordable housing, transit-oriented development, and transit and intercity capital and operating improvements; 25% of the annual funds will go to the continued development and construction of the high-speed rail system. The remaining 40% will be subject to annual appropriations by the Legislature. In general terms, for high-speed rail, the ongoing commitment means that we will be able to move forward on multiple segments simultaneously. This can accelerate the delivery of air quality and travel benefits for Californians and reduce costs. We will work with our regional and local transportation partners on improvements to their systems that will provide near-term benefits to commuters and will help form the broader state network.

ITEM II: APPROVAL OF MINUTES (Thomas Fellenz, Council Chair)

Council Chair Fellenz presented the BAC's draft minutes from the April 17, 2014 meeting.

***MOTION #1:** Motion to approve the April 17, 2014 minutes requested.

Raised by: Member Dean

Motion seconded by: Member LaCome. Approved by full consensus.

ITEM III: ADMINISTRATIVE ITEMS (Thomas Fellenz, Council Chair)

- 2015 Business Advisory Council meeting schedule was presented and included in the BAC member packets.

***MOTION #2:** Motion to conduct the June 18th 2015 BAC & Committee meetings in Fresno, CA.

Raised by: Member Vargas

Motion seconded by: Member Dean. Approved by full consensus.

ITEM IV: COMMITTEE UPDATES

PROFESSIONAL SERVICES (Arvin Chaudhary, Committee Chair):

9 Members participated and 1 guest was in attendance.

The Professional Services Committee reviewed the following Recommendations:

- Official Recommendation # 1 Request the Authority to perform debriefing for non-successful firms and develop guidelines for debriefing A&E contracts.
- Official Recommendation # 4: Request the Authority to amend the SB Program Plan to separate the PS (design) and construction (build) SB Goal (30/10/3) for each scope including language for identification and tracking or separate participation.
- New Recommendation #15: Request that all Design Build awardees attend the PSC with a copy of the SB Performance Plan to discuss anticipated schedule; separate the professional services (design) and construction (build) small business goals (30/10/3,) including tracking the separate participation. In addition, to discuss the potential of setting aside the utility relocation design and construction to small businesses.
- New Recommendation #17: Request the Authority provide a detailed utilization report including names of sub consultants used for SB/DBE/DVBE attainment.
- New Recommendation #18: Request the Authority to issue award notices to SBE/DBE/DBVE firms identified in the winning proposals.
- New Recommendation #19: Request Authority to implement a 28-Day payment provision for all prime consultants to pay their sub consultants once the Authority approves the prime's invoice.
- New Recommendation #20: Project Construction Management (PCM) for CP2-3. Committee desired to have the PCM unbundled by scope.
- New Recommendation #21: Expand the use of contracting mechanisms and policies to promote SB/DBE/DVBE as Prime Contractors.
- New Recommendation #22: Request Authority to request the utility owners report back the utilization for DBE to the Authority on any project or program that receives funds from the Authority.
- New Recommendation #23: Recommend the Authority publish a list of contracts that were funded (or partially funded) by Authority to other agencies (i.e. Caltrans, City of Fresno,) with the details of who the prime contractors with details on contract value and period of performance.
- New Recommendation #24: A Task Force was assembled to work on presenting recommendations for Safe Harbor Rates.
- New Recommendation #25: Request that the SB Program Plan to separate the PS (design) and construction (build) SB Goal (30/10/3) for each scope including language for identification and tracking or separate participation be presented to the CHSRA Board of Directors.

- To date 14 Professional Service Action Item Requests have been submitted and satisfied; 2 Professional Service Action Items remain open. The Professional Service Committee anticipates submitting 10 new Action Item Requests to the Business Advisory Council.

CONSTRUCTION (Sam Hassoun, Committee Chair):

8 Members participated and were in attendance.

The Construction Committee reviewed the following Recommendations:

- Requested how to actually look at CP-1 Commitments that have been made to date.
- Requested if an Amendment was made on the Engineering Report.
- Requested how Prompt Payments were tracked on the CHSRA contracts
- Requested the information regarding the outcomes of all CHSRA outreach events.
- Continue to work on proposed language for Insurance and Bonding limits in order to present to the BAC

Please note: Any requests for action require the completion and submittal of the Official Committee Request Form to the Committee Liaison for review and processing.

ITEM V: PROJECT UPDATE (TERRY A. MARCELLUS, CHSRA PROGRAM MANAGEMENT TEAM and CHSRA COUNCIL CHAIR)

Mr. Padilla provided the Project Update:

- CHSRA is hopeful to receive the federal Record of Decision on the Fresno-Bakersfield Environmental Impact Report in June. This will allow the CHSRA to continue with Right-of-Way efforts.
- The RFP for the CP2-3 design build contract is due October 3, 2014.
- There are three (3) teams pursuing CP 2-3: TPZP, Dragados and OHL/Samsung. Two (2) previous teams chose not to pursue the solicitation and they are: Skanska/Ames and Ferrovial teams. The two (2) teams that chose not to pursue CP 2-3 made their decisions based on business workload factors.
- The RFQ for the Project Construction Management on CP 2-3 is due June 25, 2014.
- The ICE/ISE function has been removed from the CP 2-3 design build scope of work and added to the PCM scope of work.
- Proposals have been received on the Insurance Broker RFP and are under review. All 4 teams have committed to meeting the SB 30% goal.

- The RFP for Right-of-Way Acquisition Support services has been posted on BidSync. Multiple contracts will be awarded.

ITEM VI: SMALL AND DISADVANTAGED BUSINESS ENTERPRISE PROGRAM UPDATE

(Robert Padilla: Small Business Advocate & Jose Camarena: Director of Contracts

Compliance & CHSRA) Mr. Padilla provided the following updates:

Business Market Availability and Disparity Study

- FRA requested that the Authority complete the Business Market Availability Disparity Study.

Business Market Availability Disparity Study will be submitted to FRA upon its completion.

The study is a product of FRA and no final decisions have been made on distribution.

- Small Business Utilization Report on Professional Services Contracts ending December 31, 2013.
Handout provided at meeting and attached.
- Uniform Report of DBE Awards or Commitments and Payments submission due June 1, 2014. Handout provided at meeting and attached.

Mr. Padilla provided the following updates regarding outreach events:

- 2014 Connecting Women to Power Business Conference hosted by the California Board of Equalization on June 20, 2014 in Dominguez Hills, CA.
- 7th Annual California Construction Expo (CalCon) co-sponsored by DGS will take place on July 31, 2014 In Long Beach, CA.
- Society of American Military Engineers will be hosting an event on August 12th & 13th 2014.
- California Hispanic Chambers of Commerce will host the Annual Convention in September 2014. □ California Black Chamber of Commerce will host Business Economic Summit on August 21-23, 2014.

Mr. Camarena provided the following updates:

- Informed the BAC that the Authority Contract Compliance Division and TPZP are working very closely and conduct weekly meeting to discuss progress with meeting TPZP's SB Performance Plan and goals and the Community Benefits Agreement.
- Informed BAC the three (3) Job Fairs have been conducted and two (2) more are scheduled and will be taking place in Bakersfield, CA

CONSTRUCTION PACKAGE 1 UPDATES

- Chair Fellenz introduced Maurice Young, Tutor Perini, Zachary, Parson, AJV (TPZP); Jobs Coordinator.

Mr. Young noted that he is not involved in CP 2-3 and any questions regarding CP 2-3 can be directed to Steve Witchmyer, TPZP. Mr. Young informed the BAC that TPZP is still currently in the Design phase and they are currently doing soil verification and are scheduled to start drilling up to the Fresno River in the next few weeks. Mr. Young indicated that demolition will start in July 2014 and that numerous property parcels are currently in the turning over phase. Mr. Young said to date that they have awarded 37.4% of the contracts to subcontractors and 29.29.5% of the subcontractor awards are to SB/DBE/DVBEs. Approximately 18.64% is committed to DBEs and TPZP and anticipates exceeding well over their DVBE goal. Mr. Young said TPZP For instance, TPZP hosted business orientation workshop and two open houses on June 19th & 28th and is working on conducting one open house per month for the next year. The open houses are multi-purpose events to serve the community and businesses. The information shared or discussed during the open houses include business opportunities, labor utilization reporting, Contractor Control Insurance Program and they will also provide an overview of the project and CP -1. Mr. Young indicated TPZP is helping small businesses by paying promptly and agreeing to joint checks and identifying scopes of work focused for small business participation. TPZP has almost completed their procurements. Member Hassoun inquired if TPZP anticipates meeting their goal why still have open houses. Mr. Young noted that these opening houses also have presentations for the local community and mostly recently presented information regarding the current Right-away. Member Dean requested information regarding the status of payments to TPZP subcontractors and how long it takes for their subs to receive payment. Mr. Young indicated that all subs receive payments in a timely manner.

ITEM VII: BUSINESS ADVISORY COUNCIL REQUESTS/ACTION ITEMS

- Member La Come requested that all BAC Closed Action Items be posted on the CHRSA website.
- Member La Come Requested TPZP to post their Small Business Performance Plan.
- Member La Come requested that all dollars be tracked by Primes and subs to date.
- Member Lau requested that the Authority report on awarded contracts since 2006.
- Member Lau requested that the Authority provide monitoring and tracking details on all projects.
- Member Dean requested that the team conducting the Disparity Study attend the Business Advisory Council Meetings and Committee Meetings.

- Member Cunningham requested that the word “Supplier” be listed on all Outreach Flyers made by CHSRA.

** **Please note:** Any requests for action require the completion and submittal of the Official Request Form to the BAC Liaison for review and processing.*

ITEM VIII: PUBLIC COMMENT

Member Vargas invited all BAC members to a networking session after the June 19th 2014 BAC meeting at the Shepherd’s inn in Fresno, CA from 4:45 PM – 6:00 PM to review and plan an Annual Networking session to commence after next year’s June 2015 BAC meeting in Fresno, CA.

ITEM : MEETING ADJOURN (Thomas Fellenz, Council

Chair) Council Chair Fellenz adjourned the meeting at 3:07 p.m.

BUSINESS ADVISORY COUNCIL UPCOMING MEETING SCHEDULE (THIRD THURSDAYS OF APPLICABLE MONTHS with exception of the December 2014 meeting)

DATES: August 21, 2014 in Sacramento, CA from 1:00 p.m. - 3:00 p. m.

October 16, 2014 in Sacramento, CA from 1:00 p.m. - 3:00 p.m.

December 11, 2014 in Sacramento, CA from 1:00 p.m. - 3:00 p.m.

June 19th 2014 Business Advisory Council Meeting Draft Minutes Officially issued to Council on: July 10th, 2014

ADDENDUM:

Subcontractor Assistive /supportive services

A. TPZP has provided a CCIP Insurance Program on this project

- ☐ General Contractor purchases insurance coverage (on specific elements) to cover all contractors and subcontractors on a project;
- ☐ Integrated contractor managed safety program on the project; and
- ☐ Claims are processed centrally.

SBE/DBE/DVBE Subcontractors advantages

- ☐ Reduces Insurance Barriers
- ☐ Allows for broader coverage and limits
- ☐ Unified Defense with Competent counsel

B. TPZP has provided a Subguard Insurance on this project (as an alternative to subcontractor surety bonds).(In accordance with the TPZP Small Business Performance Plan commitment to provide SBE/SBE/DVBE's with assistance with bonding)

Subguard Insurance is an insurance policy that indemnifies the General Contractor for direct and indirect costs incurred as a result of a default of performance by a Subcontractor. Which increases the likelihood of completing projects in a timely manner and within the budget.

SBE/DBE/DVBE Subcontractors advantages

- ☐ Eliminates the need for a surety bond from a Subcontractor, potentially preserving the subcontractor's surety capacity for other projects.
- ☐ Eliminates the need for an indemnity agreement or personal guarantee from the Subcontractor.
- ☐ Allows the General Contractor to default the Subcontractor without terminating the subcontract, thus allowing the Subcontractor to continue to work on the project. (Allows the GC to continue paying the Subcontractor to prevent the Subcontractor from stopping its work on the project.)
- ☐ Gives the Subcontractor control of its claim defense (in the case of default) without a surety's involvement in the project.

Project Owner advantages.

- ☐ Project Owner can be less concerned with defaulting subcontractors because the Subguard policy provides funding in the event of a subcontractor default.
- ☐ Provides cash for curing the Subcontractor default which has the salutary effect of keeping the project on-time and on-budget.

General Contractor advantages.

- ☐ Cost-effective alternative to requiring the purchase of surety bonds by the subcontractors on the construction project.

- ☐ Promotes on-time and on-budget projects.
- ☐ In the event of a subcontractor default, control of the project continues to remain with the General Contractor.

C. Expedited /advance payments – If requested and on a case by case basis TPZP may opt to provide additional support in the way of expedited payments

D. Issuance of joint checks If requested by a Sub/supplier and on a case by case basis TPZP may opt to enter into joint check agreements in order assist the SBE to mitigate a hardship it experiences while working on the project and/or

E. Connecting Business's - TPZP makes its database available to all Subcontractors so that connections can be made between firms already on the project and firms interested in joining the project as a lower tier subcontractor. (A Successful example of this service is Valverde's utilization of Exaro and Hunsaker.)

F. Training and Guidance - TPZP identified Delegata as a SBE that could offer Business management/consulting services. To date no SBE has opted to utilize this service. Alternatively, TPZP has provided individualized training and guidance with our staff at no cost as needed.